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FAMILY ECONOMICS REVIEW

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Consumer and Food Economics Research Division, Agricultural Research Service,
UNITED STATES DEPARTMENT OF AGRICULTURE

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ARS 62-5
June 1966

FAMILY ECONOMICS REVIEW is a quarterly report on research of the Consumer and Food Economics Research Division and on information from other sources relating to economic aspects of family living. It is developed by Dr. Emma G. Holmes, research family economist, with the cooperation of other staff members of the Division. It is prepared primarily for home economics agents and home economics specialists of the Cooperative Extension Service.

INCOME AND CONSUMPTION AS MEASURES OF ECONOMIC STATUS

A year's income is commonly used to measure the economic well-being of families. This practice has been followed, for example, in estimating the extent of poverty in the United States. A family's level of consumption is not determined by a year's income alone, however. It depends also on the family's net worth--usually a product of past income--and its future prospects. A farm family may be able to spend $6,000 to maintain its normal manner of living in a year when crop failure has reduced its income to the vanishing point. Such a family should not be called poor. Also, many young families take the breadwinner's next raise into account in setting their scale of living.

Economic status--a complex of income, net worth, and future prospects--cannot be measured precisely. However, it is reflected in a family's level of consumption. A comparison of the incomes families receive with the value of the goods and services they consume in a year shows the error of measuring economic status by income alone.

Consumption frequently exceeds income, according to data from the 1960-61 Survey of Consumer Expenditures, conducted by the U.S. Departments of Agriculture and Labor. In the North Central Region, for example, 17 percent of the farm families had after-tax money incomes under $2,000 in 1961, but only 9 percent had consumption that low (table 1).[1/] Here--and elsewhere in this article unless otherwise specified--"income" or "money income" includes money income after tax plus the value of food and housing received as pay but not the value of home-produced food. Throughout this article "consumption" includes all money actually paid during the year for consumer goods and services, plus the retail value of home-produced food and of goods and services received without direct expense.[2/] Thus, the usual concept of income as a measure of economic status is being compared with a more precise measure. Even if income is defined to include the value of home-produced food to match the definition of consumption, more families had incomes under $2,000 than had consumption that low--12 percent and 9 percent, respectively.

The consumption level of low-income families gives some indication of the extent to which low income is a temporary condition, to be distinguished from low economic status. Of the families with money incomes below $2,000 in 1961, 66 percent had consumption levels above $2,000--60 percent consuming between $2,000 and $6,000 worth of goods and services and 6 percent more than $6,000 worth (table 2). Only for the 34 percent that consumed less than $2,000 worth could income be said to be a relatively true measure of economic status.

1/ Data from the North Central Region have been retabulated for this analysis. "Families" include financially independent individuals as well as those made up of two or more persons.

2/ In the Statistical Reports of the survey, the definition of income is the same as that above, but the definition of consumption differs in that it includes the total cost of credit purchases made during the schedule year--regardless of when payment is made--and excludes payments made on credit purchases of earlier year.

Table 1.--Distribution of farm families by after-tax income and value of consumption, North Central Region, 1961

Classification	No. of families in sample	Percent of families at specified level				
		All	Under $2,000	$2,000 to $3,999	$4,000 to $5,999	$6,000 and over
Money income after tax --	742	100	17	29	24	30
Money plus nonmoney income after tax 1/----	742	100	12	26	26	36
Value of consumption 2/--	742	100	9	42	31	18

1/ Nonmoney income is mainly the retail value of home-produced food.
2/ Consumption includes all money paid during the year for consumer goods and services, plus the retail value of home-produced food and of goods and services received without direct expense.

Table 2.--Percent of low-income farm families (under $2,000 after tax) with consumption at specified levels, North Central Region, 1961

(Percentages do not add to 100 because of rounding)

Classification	No. of families in sample	Percent of families with value of consumption at specified level 1/				
		All	Under $2,000	$2,000 to $3,999	$4,000 to $5,999	$6,000 and over
Money income after tax under $2,000 ----------	128	100	34	47	13	6
Money plus nonmoney income after tax under $2,000 2/	87	101	43	39	14	5

1/ See footnote 2, table 1.
2/ See footnote 1, table 1.

It was not only because these farm families had home-produced food that they could live above their incomes, though this food did help. If the value of home-produced food is included in income, 58 percent of the families with incomes below $2,000 had consumption above $2,000. We must assume that these families had other resources--savings or credit--with which they could maintain a level of living out of line with their year's income.

Since more families had low incomes than low consumption, it is evident that using a year's income to measure the extent of poverty results in classifying too many farm families as poor. However, the effect is not the same for all sizes of families. A somewhat higher proportion of 2-person families and a considerably higher proportion of larger families are at the bottom of the scale--that is, below $2,000--when the measure is a year's income rather than a

Table 3.--Percent of farm families below the $2,000 income and consumption levels, by family size; North Central Region, 1961

Family size	Families below $2,000 level when classified by--	
	Money income after tax	Consumption 1/
	Percent	Percent
All families ----------	17	9
1 person ----------	56	68
2 persons ----------	26	16
3 persons ----------	14	2
4 persons ----------	9	2
5 persons ----------	12	2
6 or more persons ---	6	1

1/ See footnote 2, table 1.

year's consumption (table 3). The effect is the opposite for unrelated individuals--more are below the $2,000 level when measured by consumption than by income.

The proportion of low-income families living above their current income is larger in farm than rural nonfarm or urban areas, even when income is defined to include home-produced food. This is because farmers, like other self-employed families, have sharper year-to-year variations in income than wage and salary workers. When their incomes vary, families tend to maintain consumption at a relatively stable level instead of adjusting it to income each year. They draw on savings or accumulate debts in the bad year, and add to savings and pay off debts in the good years. Although salaried workers have the steadiest level of individual earnings, their families have some year-to-year variation, too. The number of workers may vary as the wife and children move into and out of the labor force, some workers may "moonlight," others may be unemployed or ill. Also, income from sources other than earnings may vary.

--Jean L. Pennock and Helen Armstrong

Sources: Table 1--Consumer Expenditure Survey Report No. 2 (1965) USDA, and unpublished data; Table 2--unpublished CES data, USDA; Table 3--CES Report No. 17 (1965) USDA. Copies of the reports are available free from the Consumer and Food Economics Research Division, Agricultural Research Service, U.S. Department of Agriculture, Federal Center Building, Hyattsville, Md. 20782.

FARM FAMILY SPENDING FOR INSURANCE, GIFTS, AND CONTRIBUTIONS

Family expenditures for personal insurance and for gifts and contributions to persons and groups outside the family are usually small in comparison with those for such necessities as food and clothing. Nevertheless, they are

important items in the family budget--insurance for its promise of future security and gifts and contributions for the personal satisfaction of sharing. Families that like to know how they "stack up" with others in their spending for these items may compare their own outlays with those reported in the nationwide Survey of Consumer Expenditures, conducted by the U.S. Department of Agriculture and the Bureau of Labor Statistics. This article summarizes the data on spending for insurance and for gifts and contributions by farm families in 1961.

Insurance

In 1961, farm family expenditures for personal insurance averaged $200, or 4.5 percent of their average after-tax income (table 1). 1/ This was a smaller proportion of income than nonfarm families used for personal insurance. Insurance payments amounted to 5.4 percent of the urban and 5.1 percent of the rural nonfarm family's average after-tax income.

"Personal insurance" in this report includes payments--and deductions from pay--for life, endowment, annuity, personal liability, and unemployment insurance; social security taxes; and payments into public and private retirement systems. It also includes the portion of mortgage debt payments that was for life insurance, if this could be identified. It does not include amounts for personal insurance that were a minor part of another expenditure, such as automobile association membership fees and installment credit charges. Nor does it include insurance payments made on behalf of family members by employers and others outside the family.

About 45 percent of the $200 spent for insurance went for job-related coverage. This was mainly Social Security (Old Age, Survivors, and Disability Insurance), Railroad Retirement, and other Federal, State, and local government retirement systems. Except for the social security taxes paid by farm operators and other self-employed persons, payments for these job-related plans were deducted from pay by employers and did not pass through the hands of the families.

The remaining 55 percent of the average expenditure for insurance was made directly by family members. Premiums on commercial life insurance of various types accounted for almost all of this.

Almost 9 out of 10 farm families reported some insurance payment in 1961. Many of these paid on more than one kind of insurance. More than 7 out of every 10 families contributed to social security or other public retirement systems. About 5 out of every 10 paid premiums on life, endowment, or annuity policies. Other types of insurance were reported much less frequently. Undoubtedly more families were covered by insurance than had made payments in 1961, since some had payments made for them by persons outside the family and some probably had paid-up policies.

1/ Families here include financially independent single individuals as well as those made up of two or more persons.

Table 1.--Average expenditure per family for personal insurance, and percentage of families reporting, 1961

Item	Average expenditure (dollars) 1/			Families reporting (percent)		
	Farm	Rural nonfarm	Urban	Farm	Rural nonfarm	Urban
Personal insurance, total ------	200	241	323	87	86	90
Life, endowment, annuity, etc.						
Veterans ------------------	4	6	9	3	6	8
Group (deducted from pay) --	2	7	11	4	11	18
Other ----------------------	95	89	129	45	51	62
Mutual aid ------------------	2	1	(2/)	8	6	1
Disability income ----------	3	2	4	4	4	6
Other personal insurance -----	5	6	4	9	9	6
Social Security, railroad and other government retirement	88	119	152	73	75	81
Private retirement ----------	2	12	17	2	5	7

1/ Components may not add to totals because of rounding and unclassifiable insurance refunds.
2/ Less than 0.5.

Farm families with incomes at the high end of the income scale spent more on personal insurance than those that were less well off. A larger proportion of the upper-income group made insurance payments, and individual payments were larger. Families with incomes of $5,000 or more paid an average of $360 for insurance, or 4 percent of income. Families with incomes under $2,000 paid only $75, but this was a larger share--8 percent--of their average income. Many of these families with under $2,000 normally had incomes considerably higher than this and had not adjusted their spending to live within their 1961 income.

Some types of families spent a larger share of income for insurance than others, even when average income was roughly the same (table 2). Among farm families with incomes between $2,000 and $5,000 these variations were noted:

- As might be expected, families at the stages of the life cycle when responsibilities are greatest--when the family head was 25 to 54 years old--spent a larger share for insurance than those at other stages.
- Families with children at home used a larger share of income on insurance than those with no children present.
- Families headed by a person who attended high school or college spent a larger share of income on insurance than those with a head whose formal education stopped in grade school.

Table 2.--Average amount and percent of after-tax income spent for personal insurance and for gifts and contributions by farm families with income of $2,000 to $4,999, by family characteristics, 1961

Family characteristic	No. of families in sample	Average income after tax	Average expenditure for--		Percent of income spent for--	
			Personal insurance	Gifts and contributions	Personal insurance	Gifts and contributions
		Dollars	Dollars	Dollars		
All families	815	3,379	141	155	4.2	4.6
Family size:						
1 person	31	3,243	232	163	7.2	5.0
2 persons	253	3,230	114	193	3.5	6.0
3 persons	188	3,401	134	164	3.9	4.8
4 persons	129	3,506	178	136	5.1	3.9
5 persons	72	3,680	166	162	4.5	4.4
6 or more persons	142	3,375	130	87	3.9	2.6
Age of head:						
Under 25 years	20	3,619	131	86	3.6	2.4
25-54 years	457	3,463	151	128	4.4	3.7
55 years and over	338	3,253	127	196	3.9	6.0
Family type: 1/						
Husband-wife only	206	3,249	122	212	3.8	6.5
Oldest child under 6	60	3,559	146	125	4.1	3.5
Oldest child 6-17	239	3,482	161	126	4.6	3.6
Oldest child 18 or over	151	3,452	142	148	4.1	4.3
Education of head: 2/						
8 years or less	501	3,263	106	142	3.2	4.4
9-12 years	270	3,529	194	178	5.5	5.0
13-16 years	41	3,765	212	156	5.6	4.1

1/ Husband and wife present in each type. Families with another adult present (except an adult son or daughter) are not included.

2/ Families headed by a person with 17 or more years of education not shown.

Gifts and Contributions

Farm families spent an average of $221, or 5 percent of their after-tax income, for gifts and contributions in 1961 (table 3). This was the same proportion of income as urban families used for this purpose, and slightly higher than the 4.7 percent that rural nonfarm families used. "Gifts and contributions" here include cash outlays for the purchase of goods and services given to persons outside the family and to organizations. They do not include the value of home-produced food, services, or goods on hand that were given away during the year.

About $120, or 55 percent of what farm families gave, went to organizations. Most of this was for church and other religious organizations, with small amounts to welfare organizations and educational, medical, and political causes. The remaining 45 percent--about $100--was given to persons outside the immediate family.

Table 3.--Average expenditure per family for gifts and contributions, and percentage of families reporting, 1961

Item	Average expenditure (dollars) 1/			Families reporting (percent)		
	Farm	Rural nonfarm	Urban	Farm	Rural nonfarm	Urban
Gifts and contributions, total	221	221	298	92	91	95
To persons not in family, total	99	105	148	72	73	78
Cash	37	39	65	15	17	27
Goods and services	63	66	83	70	71	75
To organizations, total	121	116	151	86	85	91
Church and other religious organizations	107	96	115	77	73	77
Community Chest, Red Cross, etc.	9	13	23	64	66	74
Educational, medical, political, and other	5	7	12	14	15	20

1/ Components may not add to totals because of rounding.

About 9 out of every 10 farm families contributed to one or more organizations: 8 out of 10 gave to churches, 6 to welfare organizations, and 1 to a medical, political, or educational cause. About 7 out of 10 gave gifts to persons outside the family.

Families with incomes at the high end of the scale spent more for gifts and contributions than those with low incomes, because more of them gave and those who did gave more. Families with incomes of $5,000 or more used an

average of $393 for gifts and contributions, or 4.8 percent of income. Although families with under $2,000 gave much less--an average of $91--this was a larger share--9.5 percent--of their average income. Again, this reflects the fact that 1961 income was unusually low for many of these families, but they were maintaining their usual level of giving.

Among families at approximately the same income level, some types spent a larger share on gifts and contributions than others (table 2). Some variations among families with after-tax incomes between $2,000 and $5,000 were:

- Small families--those made up of a single consumer or 2 or 3 members--gave a larger percentage of income than larger families.

- Families in the contracting stages of the family life cycle--headed by persons 55 and over--gave a larger share than those in the beginning and growth stages.

- Families made up of husband and wife only gave a larger share of their income than families with children.

The gifts and contributions the farm families gave in 1961 amounted to more than they received--$221 compared with $172. It may be, however, that they underestimated the value of what they received, much of which was in the form of goods and services rather than cash. The reported value of goods and services received-- including surplus food, medical care, and other assistance in kind from public and private organizations, as well as gifts from individuals--averaged $134, while cash gifts averaged $20 and public assistance and private relief payments $18.

--Mary Jane Ellis

Sources: Tables 1 and 3 - Consumer Expenditure Survey Reports Nos. 35 (1966) and 40 (1965) USDA, and Supplement 3, Part C, to Consumer Expenditure Survey Report No. 237-38 (1964) Bureau of Labor Statistics.
Table 2 - CES Reports Nos. 5 and 20 (1965) USDA. Copies of the USDA reports are available free from the Consumer and Food Economics Research Division, Federal Center Building, Hyattsville, Md. 20782. The BLS report is available from the Bureau of Labor Statistics, U.S. Department of Labor, Washington, D.C. 20210.

TWENTY-FIVE YEARS OF CEREAL ENRICHMENT

In 1966 we are observing the 25th anniversary of the Cereal Enrichment Program. This is an appropriate time to review the meaning of the term "enriched," the beginnings and development of the program, and its effect on the health of the population.

The term "enriched" was used at first with flour and bread and later extended to a few other cereal products. To be labeled "enriched" the product

Minimum and maximum amounts of required nutrients for foods labeled "enriched" 1/2/

(Milligrams per pound of product)

Item	Thiamine		Riboflavin		Niacin		Iron		Calcium	
	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
	Mg.	Mg.	Mg.	Mg.	Mg.	Mg.	Mg.	Mg.	Mg.	Mg.
Bread, rolls, and buns, white	1.1	1.8	0.7	1.6	10.0	15.0	8.0	12.5	-	-
Cornmeal; corn grits	2.0	3.0	1.2	1.8	16.0	24.0	13.0	26.0	-	-
Cornmeal, self-rising	2.0	3.0	1.2	1.8	16.0	24.0	13.0	26.0	500	1,750
Farina	2.0	2.5	1.2	1.5	16.0	20.0	13.0	(3/)	-	-
Flour, white	2.0	2.5	1.2	1.5	16.0	20.0	13.0	16.5	-	-
Flour, self-rising	2.0	2.5	1.2	1.5	16.0	20.0	13.0	16.5	500	1,500
Macaroni and noodle products	4.0	5.0	1.7	2.2	27.0	34.0	13.0	16.5	-	-
Rice, milled	2.0	4.0	(4/)1.2	(4/)2.4	16.0	32.0	13.0	26.0	-	-

1/ Information from the Federal Register, as follows: Rice - August 27, 1957; self-rising cornmeal - August 10, 1961; other items - December 20, 1955.

2/ Enrichment standards provide also for calcium and vitamin D within stated limits as optional ingredients for each product except self-rising flour and self-rising cornmeal.

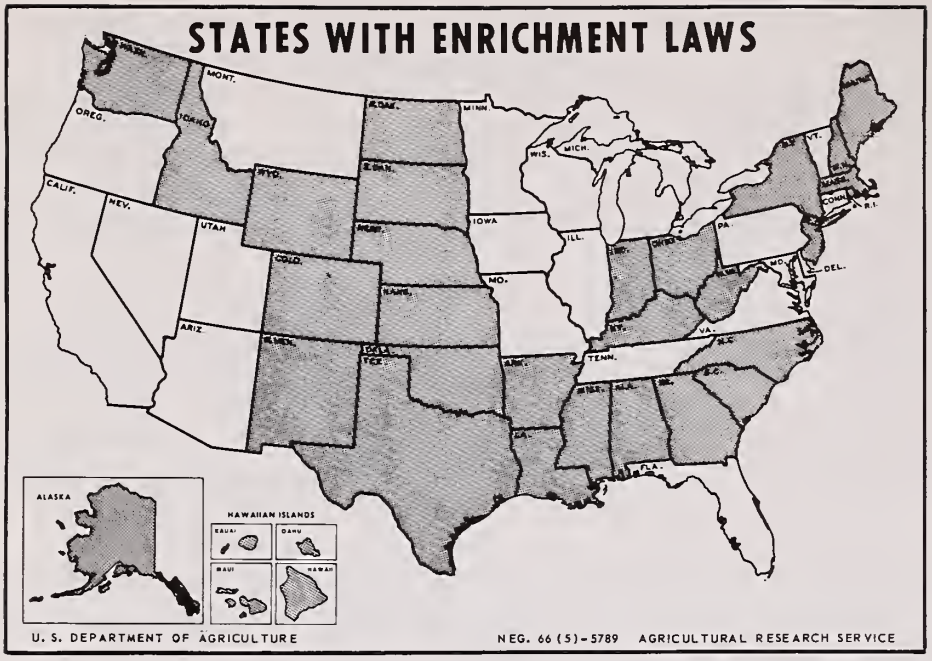
3/ No maximum amount has been established.

4/ Requirement stayed pending further hearings.

must contain added nutrients in kinds and amounts that meet standards established by the Federal Food and Drug Administration. The foods for which there are Federal enrichment standards are listed in the table above. The amounts (milligrams per pound of product) of required ingredients are shown also.

The enrichment program was launched in May 1941 by the National Nutrition Conference for Defense. This conference had been called by President Roosevelt to formulate recommendations for a national program of action to improve the nutritional status of the population. Evidence had been accumulating for some time that diets of many individuals were poor. Data from the nationwide survey of food consumption conducted in the 1930's by food economists of the USDA had shown this. Hospitals were reporting clinical evidence of dietary deficiencies, especially among some groups in the population. Then the World War II draft focused attention on the poor physical condition of young adults by its unexpectedly high rate of rejection for physical causes related to diet.

Participating in the National Nutrition Conference were professional nutritionists, physicians, scientists from industry, consumer groups, and representatives of the Public Health Service and other government agencies. Many members had been working in smaller groups by trying to initiate programs to improve nutritional status. This meeting provided a means of unifying their efforts. During the conference they recommended enrichment of flour and bread as an economical way of improving American dietaries. Action taken by the Federal Food and Drug Administration in promulgating standards for enrichment of flour was helpful as background for the deliberations at the conference and later in gaining support for enrichment of bread.



Much of the success of the enrichment program at the beginning was due to the voluntary cooperation of many groups, especially the baking and milling industries and local nutrition leaders. By mid-1942 it was estimated that three-fourths of the white bread was being enriched with iron, thiamine, niacin, and riboflavin, the latter supplied largely by nonfat milk. The addition of synthetic riboflavin was not possible until October 1943 because of inadequate supplies.

Industry and nutrition leaders were ready to support Food Distribution Order No. 1, issued in 1943, which required the enrichment of all commercial white bread. This order, which applied throughout the country, was in effect until the end of World War II.

Even before the order was issued, however, some States had begun to pass State laws requiring enrichment of flour and bread. South Carolina in 1942 was first and later that year Louisiana passed such legislation. At the present time 30 States, including Alaska and Hawaii, require enrichment (see chart). Another State is currently considering an enrichment law.

Enrichment has made an important contribution to the nutritive value of our diets, and hence to general well-being. The vitamin B-deficiency diseases have been practically eliminated from the U.S. population. Because of enrichment, the average thiamine content of our diets is increased by a third, iron and niacin by a fifth, and riboflavin by a tenth. Since cereals are important in low-cost diets, the benefits of enrichment are especially significant for low-income families.

--Martha Richardson

SOME NEW USDA PUBLICATIONS

CONSUMER EXPENDITURES AND INCOME, URBAN AND RURAL, 1960-61. USDA Reports CES 43-44. These reports give data from the Survey of Consumer Expenditures for the Southern and Western regions. (Single copies free from the Consumer and Food Economics Research Division, ARS, USDA, Federal Center Building, Hyattsville, Maryland 20782. Use your Zip Code on all requests.)

HOME CANNING OF MEAT AND POULTRY, Home and Garden Bulletin No. 106 (1966). Supersedes Home and Garden Bulletin No. 6. (Single copies free from the Office of Information, U.S. Department of Agriculture, Washington, D.C. 20250.)

POULTRY IN FAMILY MEALS, Home and Garden Bulletin No. 110 (1966). Supersedes Home and Garden Bulletin No. 45. (Single copies free from the Office of Information, U.S. Department of Agriculture, Washington, D.C. 20250.)

THE COST OF USDA FOOD PLANS AND FAMILY GROCERY BILLS

With the recent increase in retail prices of some foods, families are more interested than ever in their grocery bills. Many want to know what they "should" be spending for food or how their grocery bills compare with the amounts others spend.

Homemakers may get help in answering these questions from the "Cost of Food at Home Estimated for Food Plans at Three Cost Levels," published quarterly in Family Economics Review (table 1). These costs do not show how an average family spends or should spend its food money. Rather, they show the costs of separate market baskets of foods that will provide well-balanced meals that are similar to those commonly eaten in our country.

The food costs in table 1 are estimates for families who use the USDA plans, buy all of their food, and eat all meals and snacks at home or as lunches carried from home. They make no allowance for higher costs of meals or snacks eaten out. The cost of food in the plans for individual families may be more or less than the estimated amounts, depending on where they live, prices in the stores where they shop, whether they produce some of their food, whether they shop for bargains, how much they entertain, and how often they eat out.

The food plans on which these cost estimates are based specify amounts of each of 11 groups of food to buy in a week for boys and girls and men and women of different ages. 1/ The costs given for the low-cost, moderate-cost, and liberal plans assume selections within the food groups similar to those reported in a food consumption survey by low-, middle-, and high-income families. Prices paid by these families are updated to current levels by using the Estimated Retail Food Prices by Cities of the Bureau of Labor Statistics.

1/ Family Economics Review, October 1964.

Table 1.--Cost of food at home estimated for food plans at three cost levels, March 1966, U.S. average 1/

Sex-age groups 2/	Cost for 1 week			Cost for 1 month		
	Low-cost plan	Moderate-cost plan	Liberal plan	Low-cost plan	Moderate-cost plan	Liberal plan
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
FAMILIES						
Family of 2:						
20-35 years 3/ -----	15.70	21.00	24.40	68.00	91.00	105.70
55-75 years 3/ -----	13.10	17.80	20.20	56.40	76.90	87.30
Family of 4:						
Preschool children 4/	22.90	30.50	35.30	99.10	131.90	152.80
School children 5/	26.40	35.40	41.20	114.00	152.90	178.30
INDIVIDUALS 6/						
Children, under 1 year	3.10	4.00	4.30	13.50	17.50	18.80
1-3 years ----------	4.00	5.20	5.90	17.20	22.30	25.70
3-6 years ----------	4.60	6.20	7.20	20.10	26.90	31.00
6-9 years ----------	5.60	7.50	8.90	24.10	32.30	38.60
Girls, 9-12 years ----	6.40	8.60	9.60	27.70	37.20	41.70
12-15 years --------	7.00	9.50	11.00	30.10	41.00	47.60
15-20 years --------	7.30	9.60	10.90	31.70	41.80	47.30
Boys, 9-12 years -----	6.50	8.80	10.10	28.10	37.90	43.60
12-15 years ---------	7.40	10.30	11.70	32.20	44.70	50.80
15-20 years ---------	8.80	11.70	13.40	38.00	50.80	58.20
Women, 20-35 years ---	6.70	8.90	10.20	29.00	38.70	44.20
35-55 years --------	6.50	8.60	9.90	27.90	37.30	42.70
55-75 years --------	5.50	7.50	8.50	23.70	32.30	36.60
75 years and over --	5.00	6.60	7.70	21.60	28.80	33.50
Pregnant ----------	8.00	10.40	11.70	34.60	45.00	50.50
Nursing ----------	9.10	11.80	13.10	39.40	51.20	56.80
Men, 20-35 years -----	7.60	10.20	12.00	32.80	44.00	51.90
35-55 years --------	7.00	9.50	11.00	30.50	41.00	47.40
55-75 years --------	6.40	8.70	9.90	27.60	37.60	42.80
75 years and over --	6.00	8.40	9.50	25.80	36.30	41.30

1/ Estimates computed from quantities in food plans published in Family Economics Review, October 1964. Costs of the plans were first estimated by using average price per pound of each food group paid by nonfarm survey families at 3 income levels in 1955. These prices were adjusted to current levels by use of Retail Food Prices by Cities, released by the Bureau of Labor Statistics.

2/ Age groups include persons of the first age listed up to but not including those of the second age.

3/ Ten percent added for family size adjustment. For derivation of factors for adjustment, see Family Food Plans and Food Costs, HERR No. 20.

4/ Man and woman, 20-35 years; children 1-3 and 3-6 years.

5/ Man and woman, 20-35 years; child 6-9 and boy 9-12 years.

6/ Costs given are for individuals in 4-person families. For those in other size families, suggested adjustments are: 1-person, add 20%; 2-person, add 10%; 3-person, add 5%; 5-person, subtract 5%; 6-or-more-person, subtract 10%.

Selecting a plan.--Which of the three plans best fits an individual family's situation? Probably the most important factors in determining this are the family's income and the number of persons to be fed. Table 2 shows the income at which an urban family probably can afford each plan if it spends the same amount for food as the average survey family of the same size and income. 1/ Table 3 shows the plan that is usually suitable for a family of specified size and income, as indicated by expenditures of these survey families. For example, a 4-person family with after-tax income of $9,000 could buy the moderate-cost plan in March, 1966, if it spent the same amount for food as the average four-person urban family at the same income level.

Figuring the cost of food for a family eating all meals at home.--Table 1 shows the cost of food in the low-cost, moderate-cost, and liberal plans for four types of families; for individuals of different ages; and for pregnant women and nursing mothers. If the family for which the cost of a week's food at home is being calculated fits one of the four types, simply use the cost given for such a family under the plan selected. For example, if it is a family of two (20 to 35 years old), the low-cost plan would cost $15.70. If the family is of a different type than those given in the table, calculate its food cost as follows:

- List the costs given for each person eating at the family table, then total these.

- Adjust this total for family size if there are more or less than four persons in the family. (This is done because large families generally have some economies that small families do not, such as buying in quantity and less spoilage and other food losses.) To adjust the total food cost when the family has--

1 person ----------	add 20 percent
2 persons ----------	add 10 percent
3 persons ----------	add 5 percent
5 persons ----------	subtract 5 percent
6 or more ----------	subtract 10 percent

Adjusting costs for meals away and extra meals at home.--The food costs in table 1 are for the total week's food needs--21 meals plus snacks. Many families have one or more members who regularly buy some meals away from home--at work or school--and many serve meals to guests or hired help. The estimate of the cost of food at home for these families should allow for all meals served at home (or carried from home), but for only these.

To make a rough estimate of total cost of food at home for a week when some meals are eaten out or extra persons are served, assume each meal costs 1/21--or a little less than 5 percent--of a person's total food cost. For example, take a family of five in which the father regularly buys lunch at work; two children buy lunch at school each day; the whole family buys lunch

1/ The comparison is to data on retail value of food consumption by urban families in consumer expenditure studies, when income and expenditures are adjusted to current levels.

Table 2.--Income (after taxes) at which urban families probably can afford food plans, March 1966 1/

Family size	Low-cost plan	Moderate-cost plan	Liberal plan
2-person ---------	$1,900	$3,900	$5,600
3-person ---------	3,500	6,400	8,400
4-person ---------	4,400	8,100	11,000
5-person ---------	5,500	9,200	13,100

1/ Based on the estimated cost of food in the USDA plans, March 1966. Assumes family food consumption is similar to that of the average urban family of the same size and income in the Survey of Consumer Expenditures, 1960-61 (with income and expenditures adjusted to current levels). Allows for some meals eaten away from home.

Table 3.--Food plans suitable for urban families of different sizes and incomes, March 1966 1/

Income (after tax)	2-person family	3-person family	4-person family	5-person family
$2,000 to $4,000	Low-cost or moderate-cost	Low-cost	Low-cost (2/)	(3/)
$4,000 to $6,000	Moderate-cost or liberal	Low-cost	Low-cost	Low-cost (2/)
$6,000 to $8,000	Liberal	Low-cost or moderate-cost	Low-cost	Low-cost
$8,000 to $10,000	Liberal	Moderate-cost or liberal	Moderate-cost	Low-cost or moderate-cost
$10,000 and over	Liberal	Liberal	Moderate-cost or liberal	Moderate-cost or liberal

1/ See footnote 1, table 2.
2/ These families can buy the low-cost plan only if they use the least costly items from each food group.
3/ It is unlikely that these families can afford even the low-cost plan.

at the shopping center on Saturday; and grandmother visits for the Sunday noon and evening meals. The cost of the moderate-cost plan for this family for a week would be computed as follows:

	Meals at home		Cost of food		
	No.	Percent of 21	21 meals		Meals at home
Man, 20-34 years ----	15	71 percent--of--	$10.20	=	$ 7.20
Woman, 20-34 years --	20	95 percent--of--	8.90	=	8.50
Boy, 13 years -------	15	71 percent--of--	10.30	=	7.30
Girl, 11 years ------	15	71 percent--of--	8.60	=	6.10
Boy, 5 years --------	20	95 percent--of--	6.20	=	5.90
Grandmother, 60 years	2	10 percent--of--	7.50	=	.80
			Total		$35.80
Five persons ----------		less 5 percent ----------			1.80
					$34.00

The $34.00 is roughly the amount it would cost this homemaker to give her family foods in the moderate-cost plan for the meals they eat at home in a week. It includes the amount she pays for all food bought for use at home--from the milk delivery, the vegetable and fruit stand, the church bake sale, and the supermarket. It does not include money spent at the supermarket for nonfood items such as soap, paper goods, pet foods, clothing, cosmetics, cigarettes, and alcoholic beverages. About one-fourth of the amount spent in grocery stores goes for the nonfood items, so the cash register tape is not usually a reliable record of food costs.

Warning: The family that spends as much for food as the costs of the USDA food plans does not necessarily get a nutritionally adequate diet. Combinations of foods must be selected that lead to well-balanced meals. The USDA food plans described in "Family Food Budgeting...for good meals and good nutrition" (HG 94) will help the homemaker to choose foods that meet family needs for the money she can afford. This publication has not been revised to include 1964 revisions of the USDA food plans, but it is still useful as a guide to good food management. Single copies are available from the Office of Information, USDA, Washington, D.C. 20250. (Use your Zip Code on all requests.)

-- Betty B. Peterkin

MEDICAL CARE PROGRAM FOR THE AGED BECOMES EFFECTIVE

On July 1, 1966, the health insurance program for the aged, provided for by the 1965 amendments to the Social Security Act, goes into effect. This includes two coordinated programs--a basic hospital insurance plan and a voluntary supplemental medical insurance plan.

Hospital Insurance

Benefits of the hospital insurance program are available beginning July 1 to nearly all persons 65 years of age or over. Those excluded are Federal employees who are under the Federal Employees Health Benefit Act of 1959, and aliens who have been U.S. residents for less than 5 years. Four types of care are provided for under the hospital insurance plan:

Hospitalization (inpatient).--Services in a hospital for up to 90 days in each "spell of illness" are covered. The patient will pay the first $40 of cost for the first 60 days and $10 a day for the 61st through the 90th day. The program will pay the balance. Services covered include ordinary nursing care, drugs and supplies, and most other services customarily furnished by hospitals. They do not include services of physicians (except interns and residents in training), surgeons, and private nurses. For treatment in a mental hospital the lifetime limit on coverage is 190 days.

Outpatient hospital diagnostic services.--The hospital insurance program covers diagnostic services the aged person receives as a hospital outpatient. The patient pays the first $20 of cost for such services received during a 20-day period, plus 20 percent of the rest of the bill. The program pays the remainder.

Posthospital home health care services.--The program will pay for up to 100 home health care visits during the year after a patient is discharged from the hospital following a stay of 3 days or more, if he is under the care of a physician. The home care services included are those of visiting nurses, physical therapists, and other health workers, but not the services of the physician.

After January 1, 1967, home health care services will also be provided for a year following discharge from an extended-care facility. (See following item.)

Posthospital extended care.--Beginning January 1, 1967, the hospital insurance program will cover up to 100 days of care in an extended-care facility--such as a nursing home with medical care facilities--following a hospital stay of at least 3 days. The program will pay the entire cost of the first 20 days of such care. After that the patient will pay $5 per day, and the program will pay the rest.

Voluntary Supplementary Medical Insurance

Persons 65 and over who signed up for the voluntary medical insurance plan by May 31, 1966, are eligible for its benefits beginning July 1. They also begin then to pay $3 a month for this insurance. If they are receiving monthly social security checks the $3 will be deducted.

For services he receives under this voluntary insurance in a calendar year, the patient will pay the first $50 and 20 percent of the balance of the cost. The program will pay the other 80 percent. The services covered include--

- Physician's and surgeon's services--at home or in a doctor's office, clinic, or hospital.

- Home health visits: Up to 100 visits under an approved plan in a year, with no need for prior hospitalization. These are in addition to the 100 visits provided for under hospital insurance (above).

- Other medical and health services, including X-ray and laboratory tests; X-ray or radium treatments; surgical dressings, splints, casts; certain ambulance services; braces, artificial legs, arms, and eyes; and rental of medical equipment such as iron lungs. (The medical insurance program will not pay for such items as dentures, eyeglasses, hearing aids, and orthopedic shoes.)

A person who was 65 years old before May 31, 1966, had to sign up for the medical insurance plan by May 31 to begin coverage July 1. Those reaching 65 on or after May 31, 1966, are allowed 7 months to enroll, beginning 3 months before their 65th birthday. However, coverage is delayed 1 to 3 months for enrollment after the birthday month. If a person does not enroll when he is first eligible he gets another chance. He can sign up during the last 3 months of odd-numbered years (1967, 1969, 1971), if he does so within 3 years of the end of his first eligibility period. Any U.S. resident 65 years old or over may enroll for the voluntary medical insurance.

For Further Details

Information about programs of medical care for the aged is available from local Social Security offices. These will supply details about who is eligible, how to enroll, what benefits can be expected, and expense involved.

CONSUMER PRICES

Seasonally Adjusted Indexes Available

The Bureau of Labor Statistics added a new feature to the Consumer Price Index beginning January 1966. Each month it now publishes seasonally adjusted national indexes for certain groups and subgroups of goods and services that have a significant pattern of seasonal price change. The seasonally adjusted indexes are available for food (total and at home), fuel and utilities (total and fuel oil and coal), apparel and upkeep (total and each subgroup), and transportation (total and private). Both the adjusted and the unadjusted indexes appear in the Monthly Labor Review. The unadjusted index only is given in Family Economics Review.

Consumer Price Index for Urban Wage Earners and Clerical Workers
(including single workers)
(1957-59 = 100)

Group	April 1965	Feb. 1966	March 1966	April 1966
All items	109.3	111.6	112.0	112.5
Food	107.3	113.1	113.9	114.0
Food at home	105.5	111.8	112.6	112.7
Food away from home	116.8	120.8	121.2	121.6
Housing	108.2	109.4	109.6	110.3
Shelter	110.1	112.1	112.3	113.0
Rent	108.8	109.8	109.9	110.1
Homeownership	110.8	113.3	113.5	114.3
Fuel and utilities	107.2	106.5	106.6	108.3
Fuel oil and coal	105.4	109.0	108.9	108.5
Gas and electricity	107.7	108.2	108.2	108.3
Household furnishings and operation	103.1	103.8	104.0	104.4
Apparel and upkeep	106.3	107.6	108.2	108.7
Men's and boys'	106.6	108.6	109.0	109.6
Women's and girls'	102.5	103.1	103.9	104.2
Footwear	112.0	116.2	116.9	118.1
Transportation	111.0	111.1	111.4	112.0
Private	109.5	109.6	109.9	110.5
Public	121.3	122.0	122.1	122.1
Health and recreation	115.4	117.1	117.6	118.1
Medical care	121.6	124.5	125.3	125.8
Personal care	110.7	110.8	111.0	111.6
Reading and recreation	115.9	115.9	116.6	116.8
Other goods and services	110.3	113.6	113.8	114.3

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Index of Prices Paid by Farmers for Family Living Items
(1957-59 = 100)

Item	April 1965	Dec. 1965	Jan. 1966	Feb. 1966	March 1966	April 1966
All items	106	108	108	109	110	110
Food and tobacco	--	111	--	--	114	--
Clothing	--	115	--	--	115	--
Household operation	--	110	--	--	111	--
Household furnishings	--	96	--	--	96	--
Building materials, house	--	102	--	--	103	--
Autos and auto supplies	--	104	--	--	106	--

Source: U.S. Department of Agriculture, Statistical Reporting Service.